

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250


**Notice FLP-21**

1951-S

**For:** State and County Offices

**Release of DALR\$ Version 6.3**

**Approved by:** Deputy Administrator, Farm Loan Programs



---

**1 Overview**

**A**

**Background**

The Debt and Loan Restructuring System (DALR\$) Version 6.3:

is scheduled for release by the end of January 1999, to all County Offices

implements all changes required by the 1999 Omnibus Act and a significant number of additional enhancements.

---

**B**

**Purpose**

This notice provides information concerning the implementation of the DALR\$ version 6.3 software.

---

**C**

**Contact**

If there are any questions:

about installation or deinstallation of the software or ORACLE/UNIX problems, contact the FSA Help Desk at 1-800-255-2434

- about implementation and regulatory issues:
  - County Offices shall contact State Offices

---

Continued on the next page

---

**Disposal Date**

December 1, 1999

---

**Distribution**

State Offices; State Offices relay to County Offices

## Notice FLP-21

### 1 Overview (Continued)

---

#### C

##### Contact (Continued)

- State Offices shall contact Don Howard, LSPMD, Guaranteed Loan Servicing and Inventory Property Branch, at 202-720-1360
  - the DALR\$ Forum on BBS can be used to discuss issues related to the implementation of the new DALR\$ software or regulatory concerns related to DALR\$.
- 

### 2 Changes to DALR\$

---

#### A

##### Installing DALR\$ Version 6.3

Before installing the DALR\$ version 6.3 software, all 1951-S servicing applications that can be completed and approved using the DALR\$ version 6.2 software shall be concluded. **All existing borrower data in DALR\$ version 6.2 database, including existing DALR\$ reports, will be deleted during the installation of the DALR\$ version 6.3 software.** Upon installing DALR\$ version 6.3 the existing data will not convert.

All Field Offices receiving DALR\$ version 6.3 shall install the software immediately upon receipt. This software replaces DALR\$ version 6.2 software. Removal of DALR\$ version 6.2 is not necessary before installation. The System Administrator for the 3B2 system shall follow the installation transmittal for installing the software.

---

Continued on the next page

## 2 Changes to DALR\$ (Continued)

### B

#### Changes to DALR\$ Because of the 1999 Omnibus Act

The changes incorporated in DALR\$ version 6.3 that were required by the 1999 Omnibus Act are as follows.

Changes to DALR\$	Correction Actions
Will not consider writedown unless there are delinquent FSA program loans and the debt service margin is zero percent.	During the calculation process DALR\$ will not consider a writedown of debt as a loan servicing action until the debt service margin equals zero percent and there are existing delinquent program loans.
Validation of eligibility criteria when there is previous debt forgiveness and a new annual operating loan for annual expenses is requested.	The Basic Borrower Information Screen in DALR\$ has been modified to confirm the eligibility criteria for an annual operating loan if the borrower has previous debt forgiveness.
Validation of eligibility criteria when there is previous debt forgiveness and a new term loan is requested.	The Basic Borrower Information Screen in DALR\$ has been modified to confirm the eligibility criteria for an emergency loan if the borrower has previous debt forgiveness.
Cash Improvement will be properly calculated to not consider writedown unless the debt service margin is at zero percent.	If a feasible plan cannot be found, DALR\$ will calculate a cash improvement that is necessary to obtain a feasible plan. The cash improvement amount will find a feasible plan either with or without writedown, depending on the eligibility criteria.

Continued on the next page

## 2 Changes to DALR\$ (Continued)

---

### C

#### Changes to FmHA Instruction 1951-S, Exhibit F, Attachment 2

Notify the borrower that FSA is willing to restructure their indebtedness with FmHA Instruction 1951-S, Exhibit F, which should be modified to remove any reference to paragraphs associated with a feasible plan that can be found with or without a writedown.

Additionally, FmHA Instruction 1951-S, Exhibit F, Attachment 2, optional paragraphs 1(a) and 1(b) will be removed in a future PN.

DALR\$ version 6.3 eliminated the DALR\$ reports, outcome 1b, “Feasible Plan found with writedown – First Report”, and outcome 1c, “Feasible Plan found without writedown – Second Report.” The borrower will no longer have a choice.

If a writedown is necessary to obtain a feasible plan at zero percent debt service margin and the borrower is otherwise eligible for a writedown, the borrower will be offered one DALR\$ report.

---

## 3 DALR\$ Enhancements

---

### A

#### Reasons for Enhancements

Enhancements have been added to DALR\$ version 6.3 software to:

- minimize data and calculation errors by improving online and calculation validations
  - improve certain calculation limitations
  - assure that DALR\$ considered all primary loan servicing options using an automated format
  - improve report documentation
  - consider future requirements of other loan types
  - prepare the software for the conversion to the A/36 platform.
- 

Continued on the next page

### 3 DALR\$ Enhancements (Continued)

---

#### B

#### Calculation Process

The following enhancements were made in the calculation process.

- Writedown will not be considered until debt service margin is at zero percent.
- Calculation validation to prohibit the incorrect term from being entered online.
- Allow cash improvement for a feasible plan to be automatically added to balance available and to recalculate, except when the user indicates that the borrower has acted in bad faith.
- A writedown or buyout will not be considered unless there is at least one FSA program loan that is delinquent.
- Cash improvement was modified to calculate cash improvement amount without a writedown when the borrower is not eligible for a writedown.
- Modified the net recovery value test to calculate the present value of a payment based on the remaining term instead of maximum term when an existing FSA loan is not restructured.
- Improved the calculation process associated with the net recovery value test for calculating the present value of payments for deferred loans.
- Modified cash improvement to properly consider a writedown so that the amount will not exceed the \$300,000 debt limit.
- Corrected the Conservation Contract Debt Cancellation limitations.
- Modified the Conservation Contract Debt Cancellation to deduct FSA loans that are paid-in-full before restructuring.
- Eliminated the entry of unequal payments or the present value amount for a particular loan during the calculation process.
- FSA program loans will be considered for consolidation before a deferral or writedown.

---

Continued on the next page

### 3 DALR\$ Enhancements (Continued)

---

#### C

#### Reports

The following enhancements change the detail section.

- Added loan interest rates, discount rates, net recovery constants and administrative costs to the data input section of the DALR\$ report.
- Modified the data input section to follow the online data entry logic and use more descriptive section titles.
- Added additional sections for high, medium and low loan priority (H/M/L) calculations, Restructure of Delinquent Non-Program loans, Consolidation, and Restructure/Reamortized Other Types of Program loans.

The following enhancements change the summary section.

- Modified the subsection, “Proposed FSA Action on Your Account”, to list all FSA loans whether restructured or not and to indicate loan payment due date.
- Modified the subsection, “Proposed New FSA Loans Requested,” to list all new FSA term and annual operating loans and to indicate loan payment due date.
- Added SED’s signature and National Office approval date lines when Non-Program (NP) or Homestead Protection (HP) loans are restructured.
- New Summary section is generated if there are no delinquent FSA loans but a feasible plan cannot be found unless a writedown is considered.
- New Summary section is generated if all FSA loans have a servicing action code as “N”.

---

Continued on the next page

### 3 DALR\$ Enhancements (Continued)

---

#### C

##### Reports (Continued)

- The date of the Farm and Home Plan appears in the first page of the Summary section.
  - Modified the first page of the Summary section to properly calculate the amount of “Payments on FSA Debt Before Loan Servicing”, and added “Proposed Payment at Full Note Rate on New FSA Loans”.
  - The title page of the DALR\$ report provides the outcome code for the purpose of tracking the correct outcome results.
  - The column, “Payment After Deferral,” in the Summary section, will not show payments if the new term of the loan is less than the deferral period.
- 

#### D

##### Screen Enhancements

The following enhancements have been made to screens.

- All screens with selected field autohelp were modified to indicate data source, such as DL, AI, ADPS, etc.
  - On the Basic Borrower Information Screen:
    - the field, “Currently Eligible for Writedown/Writeoff?” was changed to “Has the Borrower Had Previous Debt Forgiveness?”
    - the date of the Farm and Home Plan is required to be entered.
  - On the New Loan Screen:
    - there is a pop-up screen to validate eligibility criteria for emergency type loans if there is previous debt forgiveness
    - fund codes 46 and 49 are no longer recognized as new loans
    - if there is previous debt forgiveness, only operating and emergency type loans will be allowed and a pop-up validation on eligibility will occur
    - there is better validation on new loan terms and loan amounts
    - authorized loan limits for direct loans are validated.
- 

Continued on the next page

### 3 DALR\$ Enhancements (Continued)

---

#### D Screen Enhancements (Continued)

- On the Existing Loan Screen:
    - the original note date must be before the proposed loan servicing date
    - an additional pop-up screen will be displayed, enter the maturity date of note when the “Servicing Action” field has the code “N”
- Note:** The “Maximum Term Available” field will reflect the remaining term of the loan.
- additional reasons have been added to allow restructuring of softwood timber loans other than maturity of the note
  - fund codes 36, 37, 46, and 47 are no longer allowed to be entered as existing FSA program loans
- Note:** These loans will now be identified as fund code; 41, loan type; “RH”.
- if a softwood timber deferral loan is entered, the maturity date of the loan will be required to calculate remaining term in the "Payment Schedule" field
  - an existing softwood timber deferral loan can be entered and be considered for restructuring with a maximum term of 50 years from the original note date
  - unequal payments can be entered online in the “Interest Accrual Date” field
- Note:** Validations calculate the maximum payments to be entered.
- the recoverable cost item (RCI) pop-up screen has been modified to describe the type of RCI
- Note:** RCI type 5, such as advances for payment of prior liens, not including real estate taxes, etc., will prohibit restructuring unless paid-in-full.

---

Continued on the next page



### 3 DALRS Enhancements (Continued)

---

#### D Screen Enhancements (Continued)

- NP and HP loans can be entered and considered for restructuring if delinquent

**Note:** The maximum term available is validated.

- the delinquent payment pop-up screen can be accessed from the “Servicing Action” field on the Existing Loan Screen
- if an FSA loan has a RCI loan, the servicing action code will change to “D” or “S”

**Note:** All RCI amounts will have a servicing action code as “D”.

- a new field has been added to all the consolidation of program loans
- there are better validations when dates are entered.
- On the Net Recovery Property Screen:
  - there will be a new pop-up screen to select FSA loans secured by the property

**Note:** User must enter filing date. The same pop-up screen includes the prior lien holders and requires a filing date to be entered.

- there will be a modified pop-up screen for prior lien holders for property types NER and NEC
- the user can rank prior lien holders when considering lien priority.

- On the Loan Security Screen:

- there will be an online calculation of H/M/L loan security priority

**Note:** The user can make changes to the H/M/L calculated priority on the Loan Security or Existing Loan Screen.

- modifications to illustrate which property types are secured by each loan and how H/M/L calculated the priority have been added
  - online help on specified fields have been modified for better clarification.
-